

**§ 3203.7 Reservation to the United States of oil, hydrocarbon gas, and helium.**

The United States reserves the ownership of and the right to extract oil, hydrocarbon gas, and helium from all geothermal steam and associated geothermal resources produced from lands leased under the Act. Whenever the right to extract oil, hydrocarbon gas, and helium, from geothermal steam and associated geothermal resources produced from such lands is exercised, it shall be exercised so as to cause no substantial interference with the production of geothermal resources from such lands.

[38 FR 35082, Dec. 21, 1973. Redesignated at 48 FR 17045, Apr. 20, 1983]

**§ 3203.8 Compensation for drainage; compensatory royalty.**

(a) Upon a determination by the authorized officer that lands owned by the United States are being drained of geothermal resources by wells drilled on adjacent or cornering lands, the authorized officer may execute agreements with the owners of adjacent or cornering lands whereby the United States, or the United States and its lessees, shall be compensated for such drainage, such agreements to be made with the consent of any operating rights owner affected thereby. The precise nature of any agreement will depend on the conditions and circumstances involved in the particular case.

(b) Where land in any lease is being drained of its geothermal resources by a well either on a Federal lease issued at a lower rate of royalty or on land not the property of the United States, the operating rights owner shall drill and produce all wells necessary to protect the leased lands from drainage. In lieu of drilling such wells, the operating rights owner may, with the consent of the authorized officer, pay compensatory royalty in the amount determined in accordance with § 3262.3 of this title.

[38 FR 35082, Dec. 21, 1973. Redesignated at 48 FR 17045, Apr. 20, 1983, and amended at 53 FR 17368, May 16, 1988]

**§ 3203.9 Readjustment of terms and conditions.**

(a) (1) Except as otherwise provided by law, the terms and conditions of any geothermal lease may be readjusted as determined by the authorized officer at not less than 10-year intervals beginning 10 years after the date the geothermal resource is produced and utilized commercially for any purpose including the generation of electricity.

(2) At such time as the geothermal resource is being commercially produced, the authorized officer shall give notice to the lessee, by written decision, of any proposed readjustment of the terms and conditions of the lease and the nature thereof, and unless the lessee files with the authorized officer an objection to the proposed terms and conditions or relinquishes the lease within 30 days after receipt of such notice, the lessee shall be deemed conclusively to have agreed to such terms and conditions. If the lessee files objections, and agreement cannot be reached between the authorized officer and the lessee within a period of 60 days, the lease may be terminated by either party, subject to the provisions of § 3000.4 of this chapter. If the lessee files objections to the proposed readjusted terms and conditions, the existing terms and conditions will remain in effect until there has been an agreement between the authorized officer and the lessee on the new terms and conditions to be applied to the lease or until the lease is terminated. The readjustment of any terms concerning rental and royalty rates will be subject to § 3205.3 of this chapter.

(b) Any readjustment of the terms and conditions of any lease of lands withdrawn or acquired in aid of a function of a Federal department or agency may be made only with the approval of that other agency.

[44 FR 12038, Mar. 5, 1979. Redesignated at 48 FR 17045, Apr. 20, 1983]

**Subpart 3204—Surface Management Requirements; Special Requirements**

**§ 3204.1 General.**

A lessee shall comply with all of the standard lease terms and conditions,